GOVERNMENT EMPLOYEES INSURANCE COMPANY

Statutory Financial Statements as of and for the Years Ended December 31, 2020 and 2019, Supplemental Schedules as of and for the Year Ended December 31, 2020, and Independent Auditors' Report

GOVERNMENT EMPLOYEES INSURANCE COMPANY

STATUTORY FINANCIAL STATEMENTS
AND SUPPLEMENTAL SCHEDULES

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Government Employees Insurance Company
Chevy Chase, Maryland

We have audited the accompanying statutory-basis financial statements of Government Employees Insurance Company (the “Company”), which comprise the statutory-basis statements of admitted assets, liabilities, and surplus as of December 31, 2020 and 2019, and the related statutory-basis statements of income, surplus, and cash flows for the years then ended, and the related notes to the statutory-basis financial statements.

Management's Responsibility for the Statutory-Basis Financial Statements

Management is responsible for the preparation and fair presentation of these statutory-basis financial statements in accordance with the accounting practices prescribed or permitted by the Nebraska Department of Insurance for the year ended December 31, 2020 and by the Maryland Insurance Administration for the year ended December 31, 2019. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these statutory-basis financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statutory-basis financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statutory-basis financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the statutory-basis financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the statutory-basis financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the statutory-basis financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the statutory-basis financial statements referred to above present fairly, in all material respects, the admitted assets, liabilities, and surplus of Government Employees Insurance Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for the years then ended in accordance with the accounting practices prescribed or permitted by the Nebraska Department of Insurance for the year ended December 31, 2020 and by the Maryland Insurance Administration for the year ended December 31, 2019 described in Note A to the statutory-basis financial statements.

Basis of Accounting

We draw attention to Note A of the statutory-basis financial statements, which describes the basis of accounting. As described in Note A to the statutory-basis financial statements, the statutory-basis financial statements are prepared by Government Employees Insurance Company using accounting practices prescribed or permitted by the Nebraska Department of Insurance for the year ended December 31, 2020 and by the Maryland Insurance Administration for the year ended December 31, 2019, both of which are bases of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the Nebraska Department of Insurance and the Maryland Insurance Administration, respectively. Our opinion is not modified with respect to this matter.

Report on Supplemental Schedules

Our 2020 audit was conducted for the purpose of forming an opinion on the 2020 statutory-basis financial statements as a whole. The supplemental schedule of investment risk interrogatories, the supplemental summary investment schedule, the supplemental schedule of reinsurance interrogatories, and the summary reinsurance supplemental filing for general interrogatory as of and for the year ended December 31, 2020 are presented for purposes of additional analysis and are not a required part of the 2020 statutory-basis financial statements. These schedules are the responsibility of the Company's management and were derived from and relate directly to the underlying accounting and other records used to prepare the statutory-basis financial statements. Such schedules have been subjected to the auditing procedures applied in our audit of the 2020 statutory-basis financial statements and certain additional procedures, including comparing and reconciling such schedules directly to the underlying accounting and other records used to prepare the statutory-basis financial statements or to the statutory-basis financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, such schedules are fairly stated in all material respects in relation to the 2020 statutory-basis financial statements as a whole.

Restriction on Use

Our report is intended solely for the information and use of the board of directors and the management of Government Employees Insurance Company and for filing with state insurance departments to whose jurisdiction the Company is subject and is not intended to be and should not be used by anyone other than these specified parties.

Deloitte & Touche LLP

May 21, 2021

GOVERNMENT EMPLOYEES INSURANCE COMPANY

STATUTORY STATEMENTS OF ADMITTED ASSETS, LIABILITIES, AND SURPLUS

(In thousands)	December 31, 2020	December 31, 2019
ADMITTED ASSETS		
Bonds	$ 612,762	$ 288,456
Preferred stocks	2,907,070	3,369,545
Common stocks	27,658,712	27,112,152
Properties occupied by the company	136,896	135,607
Cash, cash equivalents and short-term investments	8,644,050	5,522,324
Other invested assets	222,157	208,125
Cash and invested assets	40,181,647	36,636,209
Investment income due and accrued	70,322	76,432
Premiums receivable	2,612,259	2,580,759
Amounts recoverable from reinsurers	1,562,812	1,726,479
Guaranty funds receivable	5,832	3,794
Electronic data processing equipment and software	14,565	456,322
Receivables from parent, subsidiaries and affiliates	216,692	102,055
Premium tax credits	9,476	1
Total admitted assets	$ 44,673,605	$ 41,582,051

See Notes to Statutory Financial Statements.

GOVERNMENT EMPLOYEES INSURANCE COMPANY

STATUTORY STATEMENTS OF ADMITTED ASSETS, LIABILITIES, AND SURPLUS - CONTINUED

(In thousands, except per share and share data)	December 31, 2020	2019
LIABILITIES		
Losses	$ 5,226,291	$ 5,233,860
Reinsurance payable on paid loss and loss adjustment expenses	1	2
Loss adjustment expenses	1,283,079	1,162,207
Commissions payable	20,832	22,474
Other expenses payable	668,886	487,724
Taxes, licenses and fees payable	52,543	68,454
Current federal income taxes payable	62,723	34,253
Net deferred tax liability	3,597,869	3,354,654
Unearned premiums	2,109,542	2,186,846
Advance premiums	116,401	121,844
Ceded reinsurance premiums payable	1,782,517	1,820,895
Amounts withheld or retained by company for account of others	115,430	100,571
Remittances and items not allocated	2,007	2,857
Payable to parent, subsidiaries and affiliates	147,556	84,907
Derivatives	58,475	-
Other liabilities	12,121	17,219
Contribution for tax credits	53,710	49,419
Policyholders' credit balances	6,060	4,139
Pension surplus liability	12,293	9,409
Postretirement surplus liability	90,161	63,728
Total liabilities	15,418,497	14,825,462
SURPLUS		
Common capital stock - $1.00 par value, 45,000,000 shares authorized, and 33,436,758 issued and outstanding at December 31, 2020 and 2019	33,437	33,437
Preferred capital stock - $1.00 par value, 10,000,000 shares authorized of the cumulative convertible, no shares were issued or outstanding at December 31, 2020 and 2019	-	-
$10.00 par value, 300,000 shares authorized of the senior preferred no shares were issued or outstanding at December 31, 2020 and 2019	-	-
Gross paid in and contributed surplus	1,745,343	1,745,343
Unassigned funds surplus	27,476,328	24,977,809
Total surplus	29,255,108	26,756,589
Total liabilities and surplus	$ 44,673,605	$ 41,582,051

See Notes to Statutory Financial Statements.

GOVERNMENT EMPLOYEES INSURANCE COMPANY

STATUTORY STATEMENTS OF INCOME

(In thousands)	Year Ended December 31, 2020	Year Ended December 31, 2019
UNDERWRITING INCOME		
Premiums written	$ 8,087,473	$ 8,603,413
Premiums earned	$ 8,164,777	$ 8,559,702
Losses incurred	5,187,900	6,309,456
Loss expenses incurred	856,338	885,201
Other underwriting expenses incurred	1,040,621	964,307
Limited Access Distribution program expenses incurred	179	155
Total underwriting deductions	7,085,038	8,159,119
Net underwriting gain	1,079,739	400,583
INVESTMENT INCOME		
Net investment income earned	689,417	750,380
Net realized capital gains (losses) less capital gains tax (benefit) of $(50,768) and $46,201	(522,105)	(95,240)
Net investment gain (loss)	167,312	655,140
OTHER INCOME		
Net loss from premium balances charged off ($5,669 and $5,157 recovered and $27,854 and $20,139 charged off)	(22,185)	(14,982)
Finance and service charges not included in premiums	119,550	118,579
Management fee income	303,075	254,230
Miscellaneous income (expense)	4,451	3,635
Expenses related to service charges	(119,550)	(118,579)
Total other income	285,341	242,883
Net income after capital gains tax and before all other federal and foreign income taxes	1,532,392	1,298,606
Federal and foreign income taxes incurred	432,091	246,657
Net income	$ 1,100,301	$ 1,051,949

See Notes to Statutory Financial Statements.

GOVERNMENT EMPLOYEES INSURANCE COMPANY

STATUTORY STATEMENTS OF SURPLUS

(In thousands)	Year Ended December 31, 2020	Year Ended December 31, 2019
Surplus, December 31, prior year	$ 26,756,589	$ 19,766,072
Net income	1,100,301	1,051,949
Change in net unrealized capital gains and losses less capital gains tax (benefit) of $462,482 and $1,727,934	1,741,100	6,503,401
Change in net deferred income tax	213,110	93,149
Change in non-admitted assets	(532,833)	(99,936)
Dividends to stockholder	-	(569,000)
Paid in surplus:		
Change in amortization for pension	(2,278)	(2,659)
Change in amortization for postretirement	(20,881)	13,613
Change in surplus for the year	2,498,519	6,990,517
Surplus, December 31, current year	$ 29,255,108	$ 26,756,589

See Notes to Statutory Financial Statements.

GOVERNMENT EMPLOYEES INSURANCE COMPANY

STATUTORY STATEMENTS OF CASH FLOW

(In thousands)	Year Ended December 31, 2020	2019
CASH FROM OPERATIONS		
Premiums collected net of reinsurance	$ 8,009,295	$ 8,524,637
Net investment income	588,625	680,815
Miscellaneous income	285,341	242,883
Total cash from operations received	8,883,261	9,448,335
Benefits and loss related payments	5,031,803	5,743,630
Commissions, expenses paid and aggregate write-in for deductions	1,610,264	1,522,562
Federal and foreign income taxes paid	352,853	345,840
Total cash from operations paid	6,994,920	7,612,032
Net cash from operations	1,888,341	1,836,303
CASH FROM INVESTMENTS		
Proceeds from investments sold, matured or repaid:		
Bonds	227,957	1,776,184
Stocks	1,789,123	486,915
Real Estate	211	-
Net gains (losses) on cash, cash equivalents and short-term investments	3,535	930
Total investment proceeds	2,020,826	2,264,029
Cost of investments acquired (long-term only):		
Bonds	555,927	8,223
Stocks	66,355	3,407,403
Real Estate	6,547	4,920
Other invested assets	42,959	82,797
Miscellaneous applications	-	252,703
Total investments acquired	671,788	3,756,046
Net cash from investments	1,349,038	(1,492,017)
CASH FROM FINANCING AND MISCELLANEOUS SOURCES		
Cash provided or applied:		
Dividends to stockholder	-	569,000
Other cash provided (applied)	(115,653)	34,928
Net cash from financing and miscellaneous sources	(115,653)	(534,072)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
Net change in cash, cash equivalents and short-term investments	3,121,726	(189,786)
Cash, cash equivalents and short-term investments:		
Beginning of year	5,522,324	5,712,110
End of year	$ 8,644,050	$ 5,522,324
Supplemental disclosures of cash flow information for non-cash transactions:		
Common stock acquired in lieu of preferred dividends	$ 139,892	$ -
Bond redemption used to offset premium taxes	4,451	4,947
Other than temporary impairments on common stock	-	247,378
Common stock to derivatives reclassification	-	29,120
Other than temporary impairments on other invested assets	-	1,105

See Notes to Statutory Financial Statements.

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations: Government Employees Insurance Company (Company) is a property and casualty insurer that provides preferred-risk private passenger automobile insurance to government employees and military personnel primarily through direct response sources. The Company also assumes the business of GEICO General Insurance Company (GEICO General), a wholly-owned subsidiary, which writes private passenger automobile insurance for preferred-risk applicants other than government employees and military personnel. The Company is a wholly-owned subsidiary of GEICO Corporation, which is an indirect wholly-owned subsidiary of Berkshire Hathaway Inc. (BHI). The Company was domiciled in the State of Maryland until December 30, 2020 when it redomesticated to the State of Nebraska. The Company is licensed in all states and the District of Columbia.

The Company participates in a cession quota share reinsurance treaty with National Indemnity Company (NICO) of Nebraska. The Company cedes 50% of all underwriting activities to NICO. The treaty was effective in January 2014 and has increased volume commensurate with the Company's increasing underwriting activities. Under the quota share agreement of reinsurance with NICO the outstanding reinsurance recoverable for paid claims was $1,562.8 million and the ceded premiums payable was $1,782.5 million as of December 31, 2020. These balances were settled on February 15, 2021. The outstanding reinsurance recoverable for paid claims was $1,726.4 million and the ceded premiums payable was $1,820.9 million as of December 31, 2019. These balances were settled on February 14, 2020.

The Company and its affiliated insurance companies, GEICO General, GEICO Indemnity Company, GEICO Casualty Company, GEICO Advantage Insurance Company, GEICO Choice Insurance Company, GEICO Secure Insurance Company, and GEICO County Mutual Insurance Company market insurance as GEICO. Substantially all of the insurance operations of these companies are performed by employees of the Company. The Company incurs underwriting and unallocated loss adjustment expenses which are allocated to all of the insurance companies based on factors such as number of claims, inquiries, new business policies or policies-in-force pursuant to a cost sharing arrangement. Total expenses allocated from the Company under this agreement amounted to $4,495.3 million in 2020 and $4,031.2 million in 2019.

The outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which included the implementation of travel bans, self-imposed quarantine periods and social distancing, caused material disruption to businesses globally resulting in an economic slowdown. In response to the unprecedented impact of COVID-19 on policyholders, in March 2020, the Company implemented a countrywide moratorium on the cancellation of coverage due to non-payment and policy expiration through May 31, 2020. The moratorium continued on a state-by-state basis as determined by individual state mandates. On April 8, 2020, the Company announced the GEICO Giveback credit. The GEICO Giveback provided a 15 percent premium credit to all auto and motorcycle policies renewing between April 8, 2020 and October 7, 2020 as well as to any new policies purchased during the same period. The premium credit was in recognition of COVID-19's economic impact on policyholders as well as the recognition of lower loss frequencies due to the local and state shelter in place orders.

NOTE A - SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Basis of Reporting: The Company's statutory financial statements are presented on the basis of accounting practices prescribed or permitted by the Nebraska Department of Insurance. The Nebraska Department of Insurance has adopted the National Association of Insurance Commissioners' (NAIC) statutory accounting practices (SAP) as the basis of its statutory accounting practices. The Company's statutory financial statements have been prepared in conformity with the NAIC's Accounting Practices and Procedures Manual (APP Manual), subject to any deviation prescribed or permitted by the Nebraska Department of Insurance. The Company has no prescribed or permitted practices that differ from NAIC's SAP in 2020 and 2019. Accounting principles generally accepted in the United States of America (GAAP) differ from SAP as described in Note B.

Estimates: The preparation of financial statements in conformity with SAP requires management to make estimates and assumptions that affect the reported amounts of admitted assets and liabilities and disclosure of contingent admitted assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Investments: Investments in bonds are generally reported at amortized cost, except those required to be reported at the lower of amortized cost or fair value. Investments in preferred stocks are generally reported at fair value, except those required to be reported at the lower of cost or fair value. Investments in common stocks are generally reported at fair value. Investments in the common stock of affiliates are recorded based on the statutory surplus in the affiliates' audited financial statements. Investments in cash equivalent money market funds are carried at fair value. Fixed maturity cash equivalents and short-term investments are carried at amortized cost. Money market mutual funds are carried at net asset value which approximates fair value. Non-publicly traded common stock warrants, which are carried at fair value and nonadmitted, are classified as derivatives. Covered call options, which are carried at fair value and as a liability, are classified as derivatives. Realized gains and losses on sales of investments, as determined on a specific identification basis, are included in the statements of income. Unrealized gains or losses on investments in equity securities and other investments carried at fair value and investments in affiliates are reported directly in surplus. If a decline in the value of an investment below cost is other than temporary, the cost of the investment is written down to fair value with a corresponding charge to net income.

Fair value is the price that would be received to sell an asset or paid to transfer a liability between market participants in the principal market or in the most advantageous market when no principal market exists. Adjustments to transaction prices or quoted market prices may be required in illiquid or disorderly markets in order to estimate fair value. Alternative valuation techniques may be appropriate under the circumstances to determine the value that would be received to sell an asset or paid to transfer a liability in an orderly transaction. Market participants are assumed to be independent, knowledgeable, able and willing to transact an exchange and not acting under duress. Considerable judgment may be required in interpreting market data used to develop the estimates of fair value. Accordingly, estimates of fair value presented herein are not necessarily indicative of the amounts that could be realized in a current or future market exchange.

The portion of unassigned funds in surplus represented by cumulative unrealized gains and (losses) less deferred taxes is $12,521.6 million and $10,780.5 million at December 31, 2020 and 2019, respectively.

NOTE A - SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Property, Equipment and Software: The annual provisions for depreciation are computed primarily by the straight-line method over 5 to 39 year useful lives for buildings and their components, 3 to 10 year useful lives for furniture and equipment and 2 to 5 year useful lives for capitalized software.

Loss and Loss Adjustment Expense Reserves: Property and casualty loss reserves are based on averages for automobile claims reported within the most recent three months, case basis estimates for other reported claims and calculated estimates of unreported losses. The reserve for losses further includes additional amounts to reflect anticipated future economic conditions. Loss adjustment expense reserves are based upon estimates of expenses to be incurred in the settlement of claims. Reserves are recorded net of estimated reinsurance recoverable on unpaid losses and loss adjustment expenses.

Management believes that its aggregate reserves for loss and loss adjustment expenses at December 31, 2020 and 2019 are reasonable to cover the ultimate cost of losses on reported and unreported claims arising from accidents which had occurred by those dates, but such reserves are necessarily based on estimates and the ultimate cost may vary from such estimates. As adjustments to these estimates become necessary, such adjustments are reflected in current operations. The methods used to develop these reserves are subject to continuing review and refinement.

Premiums: Premiums are earned over the terms of the related policies and are reported net of reinsurance. Unearned premium reserves are established to cover the unexpired portion of the premiums written. The Company anticipates investment income as a factor in the premium deficiency calculations.

Federal Income Taxes: BHI files a consolidated federal income tax return with approximately eight hundred affiliates including the Company. Pursuant to tax sharing agreements and federal income tax regulations, the Company's share of BHI's consolidated federal income tax liability is allocated based upon the Company's separate return basis. Interest and penalties related to taxes are included in tax expense. In addition, a complementary method is used which results in reimbursement by profitable affiliates to loss affiliates for tax benefits generated by loss affiliates.

The Company records deferred taxes on temporary differences between the financial reporting and tax bases of assets and liabilities. Changes in deferred tax assets (DTA) or liabilities (DTL) are recorded directly in surplus. Limitations exist on the amount of DTA that may be recorded as admitted assets.

Dividends and Surplus: Under statutory regulations applicable to Nebraska insurers, the maximum amount of dividends and other distributions to GEICO Corporation that may be paid by the Company (without prior approval of the Insurance Commissioner) in any twelve month period is the greater of (i) 10 percent of the insurer's surplus as regards policyholders as of the 31st day of December next preceding year or (ii) net income for the twelve month period ending the 31st day of December next preceding year; excluding realized capital gains for the twelve month period ending December 31st of the preceding year; and pro rata distributions of any class of the insurer's own securities.

NOTE A - SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Dividends in excess of the unassigned funds of an insurer, excluding any surplus arising from unrealized capital gains or revaluation of assets, shall be deemed an extraordinary dividend. Notice to the Insurance Director of Nebraska of any extraordinary dividend must be given within five business days following a declaration thereof, and no payments shall be made unless approval is granted. In 2021, the maximum dividend that the Company can pay without prior approval is $2,925.5 million. The Company paid no dividends in 2020 and a $569.0 million dividend to GEICO Corporation in 2019.

In determining if a dividend or distribution is extraordinary, an insurer may carry forward net income from the two calendar years prior to the preceding calendar year that has not already been paid out as dividends. The amount carried forward is computed by taking the net income from the two calendar years prior to the preceding calendar year; not including realized capital gains; and minus dividends paid in the second and immediate preceding calendar years.

Nonadmitted assets: Nonadmitted assets primarily consisting of prepaid expenses, other derivatives, furniture and equipment and electronic data processing equipment and software, of $949.1 million and $416.3 million at December 31, 2020 and 2019, respectively, are deducted from surplus.

New Accounting Pronouncements: On May 5, 2020 the NAIC's Statutory Accounting Principles (E) Working Group exposed for comment INT 20-08T: COVID-19 Premium Refunds, Rate Reductions and Policyholder Dividends. The Interpretation was formally adopted on June 15, 2020. Its goal was to address questions on refunds, rate reductions and policyholder dividends in response to the decreased activity related to COVID-19, because there were a variety of ways that different insurers were accomplishing a similar objective of returning money or reducing premiums (e.g. the GEICO Giveback). Per the Interpretation, rate reductions on in-force business shall be recognized as immediate adjustments to premium and rate reductions on future renewals shall be reflected in the premium rate charged on renewal. As of December 31, 2020, the GEICO Giveback reduced the Company's direct plus assumed earned premium by $1,138.3 million and direct plus assumed written premium by $1,350.8 million.

The Company changed its reporting classification for non-publicly traded common stock warrants from common stock to other derivatives as directed in SSAP No. 86, which was updated effective December 27, 2019. As of December 31, 2020 and December 31, 2019 the Company held warrants totaling $28.1 million and $29.1 million, respectively, which are non-admitted and reported in Schedule DB as other derivatives. This classification change did not have a material effect on total assets, liabilities or surplus.

Under the Coronavirus Aid, Relief and Economic Security Act (CARES Act), net operating losses (NOLs) arising in tax years beginning after December 31, 2017, and before January 1, 2021 (e.g., NOLs incurred in 2018, 2019, or 2020 by a calendar-year taxpayer) may be carried back to each of the five tax years preceding the tax year of such loss. There is no impact to the Company because of the consolidated tax filing with BHI.

NOTE A - SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

As of December 31, 2019, the Company did not have control over a Qualified Investment Opportunity Zone Fund and therefore, is reporting this investment as a commercial real estate interest under SSAP No. 48 rather than as a subsidiary of the Company in accordance with SSAP No. 97, Investments in Subsidiary, Controlled and Affiliated Entities. There was no impact on total assets, liabilities or surplus.

NOTE B - ACCOUNTING BASIS DIFFERENCES

The accounting principles generally accepted in the United States of America which differ significantly from SAP are:

- Investments in bonds are generally classified as available for sale and reported at fair value rather than amortized cost.

- Nonadmitted assets are reported as assets rather than charged to surplus.

- Premiums over 90 days past due which are anticipated to be charged off are charged to income currently rather than charged to surplus as a nonadmitted asset.

- Reinsurance receivables related to unpaid claims, net of salvage and subrogation ceded, and prepaid reinsurance premiums are reported as assets rather than netted against loss reserves and unearned premiums, respectively.

- Policy acquisition costs are deferred and amortized in proportion to premium recognition rather than expensed when incurred.

- Deferred income taxes are provided in income for income related temporary differences and in shareholder's equity for unrealized gain or loss related temporary differences rather than recorded only as an adjustment to surplus. SAP requires a provision for deferred taxes based upon the temporary differences between SAP and tax bases of certain assets and liabilities. Under SAP, there are limitations as to the amount of deferred tax assets that may be reported as "admitted assets." All deferred taxes are charged (or credited) directly to unassigned surplus; whereas certain elements of GAAP deferred taxes are included in net income. A federal income tax provision is required on a current basis only for the statutory-basis statements of operations. Under GAAP, deferred taxes are provided on temporary differences between the GAAP and tax bases of assets and liabilities, including amounts related to unrealized investment gains, subject to a valuation allowance, if required.

- Salvage and subrogation is recorded when recoverable as a reduction of loss reserves rather than when received.

NOTE B - ACCOUNTING BASIS DIFFERENCES – CONTINUED

- Subsidiaries are consolidated rather than reported as investments and carried at book value.
- Subsequent recoveries on assessments for guaranty funds are recorded in the income statement rather than recognition of an asset.
- A portion of interest expense is capitalized and is depreciated as part of the cost of a building.
- Pension costs can include an expected rate of return of plan assets calculated on market-rate value rather than requiring the use of the fair value measurement method as required by SSAP No. 102.
- Postretirement benefits are accrued based on the accumulated benefit obligation rather than recognizing the surplus effect of adopting SSAP No. 92 over a period not to exceed ten years.
- An investment in a low income housing tax credit property partnership is recorded on the proportional amortization method rather than on the amortized cost method.
- Negative cash balances are reported as liabilities, rather than net in cash and cash equivalents.
- Investments in historic rehabilitation tax credits and partnership investments with the primary purpose of receiving tax benefits are recorded on the proportional amortization method rather than an equity method.
- Unrealized gain or loss changes for equity securities are recorded in income rather than an adjustment to surplus.
- The proportionate share of earnings from an equity method investment is shown in income rather than an adjustment to surplus.
- Investments in money market funds are generally classified as short-term investments available for sale rather than cash equivalents.
- Non-publicly traded common stock warrants are reported as assets rather than nonadmitted assets as per SSAP No. 86, paragraph 19.
- Operating lease cash flows for lessees are reported as assets and liabilities on a discounted basis rather than income statement only adjustments.

NOTE C - INVESTMENTS

Net investment income earned consists of the following:

(In thousands)	2020	2019
Interest	$ 27,183	$ 184,934
Dividends	634,525	537,917
Real estate	34,386	33,405
Total investment income	696,094	756,256
Investment expenses	6,677	5,876
Net investment income earned	$ 689,417	$ 750,380

Dividend income includes $40.0 million received for 2020 and $70.0 million in 2019, from GEICO Insurance Agency, Inc., an affiliate of the Company. Rental income from affiliates totaled $34.4 million and $33.4 million at December 31, 2020 and 2019, respectively.

Net realized capital gains and losses from sales, maturities and other disposals of investments, before taxes, consist of the following:

(In thousands)	Gross Realized Gains	Gross Realized Losses	Net Realized Gains (Losses)
2020			
Fixed maturities	$ 3,628	$ 93	$ 3,535
Equity securities	149,562	725,970	(576,408)
	$ 153,190	$ 726,063	$ (572,873)
2019			
Fixed maturities	$ 2,692	$ 116	$ 2,576
Equity securities	197,074	247,584	(50,510)
Other invested assets	-	1,105	(1,105)
	$ 199,766	$ 248,805	$ (49,039)

There were no impairment losses on equity securities in 2020. Gross realized losses on equity securities in 2019 include impairment losses of $247.4 million. Gross realized losses on other invested assets include impairment losses of $1.1 million in 2019. The impairment losses result from the write-down of securities to fair value on the date the impairment was determined to be other-than-temporary.

NOTE C - INVESTMENTS - CONTINUED

Unrealized gains and losses on investments are as follows:

(In thousands)	Cost / Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
December 31, 2020				
U.S. Treasury securities, U.S. government agencies and U.S. government - sponsored enterprises	$ 556,377	$ 209	$ -	$ 556,586
Obligations of states and political subdivisions	99	1	-	100
Corporate bonds	56,286	13,278	-	69,564
Total bonds	612,762	13,488	-	626,250
Preferred stocks	3,209,270	2,975	305,175	2,907,070
Common stocks:				
Affiliates	118,721	83,484	7,915	194,290
Other	11,340,646	16,146,924	23,148	27,464,422
Total equity securities	14,668,637	16,233,383	336,238	30,565,782
Cash equivalents and short-term investments	9,441,116	519	17	9,441,618
Other invested assets	222,803	62,305	645	284,463
Total admitted invested assets	$ 24,945,318	$ 16,309,695	$ 336,900	$ 40,918,113
December 31, 2019				
U.S. Treasury securities, U.S. government agencies and U.S. government - sponsored enterprises	$ 6,559	$ 22	$ 4	$ 6,577
Obligations of states and political subdivisions	98	2	-	100
Corporate bonds	281,799	15,629	-	297,428
Total bonds	288,456	15,653	4	304,105
Preferred stocks	3,209,270	160,275	-	3,369,545
Common stocks:				
Affiliates	108,721	82,197	7,915	183,003
Other	13,509,929	13,556,176	136,956	26,929,149
Total equity securities	16,827,920	13,798,648	144,871	30,481,697
Cash equivalents and short-term investments	6,413,445	1,351	36	6,414,760
Other invested assets	208,553	67,241	427	275,367
Total admitted invested assets	$ 23,738,374	$ 13,882,893	$ 145,338	$ 37,475,929

NOTE C - INVESTMENTS - CONTINUED

In the table preceding, cost of affiliates' common stock represents the Company's initial and subsequent investments in the affiliates. Investments in affiliate common stock are recorded pursuant to Statements of Statutory Accounting Principles No. 97, Investment in Subsidiary, Controlled, and Affiliated Entities (SSAP No. 97). The carrying value of such investments is based upon underlying statutory equity which approximates the fair value of investments.

Gross unrealized losses include zero and $102.6 million at December 31, 2020 and 2019, respectively, related to equity securities that have been in a continuous unrealized loss position for twelve months or longer. The aggregated fair value of common stock that has been in a continuous loss position for twelve months or longer was zero and $267.1 million at December 31, 2020 and 2019, respectively. The aggregated fair value of common stock that has been in a continuous loss position for less than twelve months was $31.1 million and $144.6 million at December 31, 2020 and 2019, respectively.

As of December 31, 2020, and 2019, the Company concluded that the above unrealized losses on equity securities were not other-than-temporary. The conclusions were based on: (a) the ability and intent to hold the securities to recovery; (b) the assessment that the underlying business and financial condition of each of these issuers was favorable; (c) the opinion that the relative price declines were not significant; and (d) the Company's belief is that market prices will increase to and exceed the cost.

On August 8, 2019, the Company invested in Occidental Petroleum Corporation ("Occidental"). The Occidental investment includes 32,500 newly issued Occidental Cumulative Perpetual Preferred Stock with an aggregate liquidation value of $3.25 billion, together with warrants to purchase up to 26 million shares of Occidental common stock at an exercise price of $62.50 per share. The preferred stock accrues dividends at 8% per annum and is redeemable at the option of Occidental commencing on the tenth anniversary of issuance at a redemption price equal to 105% of the liquidation preference plus any accumulated and unpaid dividends, or mandatorily under certain specified capital return events. Dividends on the preferred stock may be paid in cash or, at Occidental's option, in shares of Occidental common stock. The warrants are exercisable in whole or in part until one year after the redemption of the preferred stock.

NOTE C - INVESTMENTS - CONTINUED

Fair values of substantially all financial instruments were measured using market or income approaches. Considerable judgment may be required in interpreting market data used to develop the estimates of fair value. Accordingly, the fair values presented are not necessarily indicative of the amounts that could be realized in an actual current market exchange. The use of alternative market assumptions and/or estimation methodologies may have a material effect on the estimated fair value.

The hierarchy for measuring fair value consists of Levels 1 through 3, which are described below.

Level 1 – Inputs represent unadjusted quoted prices for identical assets or liabilities exchanged in active markets. Substantially all other common stocks are traded on an exchange in active markets and fair value is generally based on the closing prices as of the balance sheet date.

Level 2 – Inputs include directly or indirectly observable inputs (other than Level 1 inputs) such as quoted prices for similar assets or liabilities exchanged in active or inactive markets; quoted prices for identical assets or liabilities exchanged in inactive markets; other inputs that are considered in fair value determinations of the assets or liabilities, such as interest rates and yield curves, volatilities, prepayment speeds, loss severities, credit risks, and default rates; and inputs that are derived principally from or corroborated by observable market data by correlation or other means. Fair values for investments in bonds and repurchase agreements are primarily based on market prices and market data available for instruments with similar characteristics. Pricing evaluations are based on yield curves for instruments with similar characteristics, such as credit rating, estimated duration and yields for other instruments of the issuer or entities in the same industry sector.

Level 3 – Inputs include unobservable inputs used in the measurement of assets and liabilities. Management is required to use its own assumptions regarding unobservable inputs because there is little, if any, market activity in the assets or liabilities and management may be unable to corroborate the related observable inputs. Unobservable inputs require management to make certain projections and assumptions about the information that would be used by market participants in pricing assets or liabilities. Fair value measurements of non-exchange traded financial instruments are based primarily on valuation models, discounted cash flow models or other valuation techniques that are believed to be used by market participants.

Mutual funds are priced based on ending net asset value (NAV).

NOTE C - INVESTMENTS - CONTINUED

Financial instruments measured and carried at fair value consist of the following:

(In thousands)	Quoted Prices (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value (NAV)	Total Fair Value
December 31, 2020					
Preferred stocks	$ -	$ 12,495	$ 2,889,575	$ -	$ 2,902,070
Other common stocks	27,464,422	-	-	-	27,464,422
Derivative contract assets	-	-	28,072	-	28,072
Derivative contract liabilities	-	-	58,475	-	58,475
December 31, 2019					
Preferred stocks	$ -	$ 12,495	$ 3,352,050	$ -	$ 3,364,545
Other common stocks	26,929,149	-	-	-	26,929,149
Derivative contract assets	-	-	29,120	-	29,120

A reconciliation of financial instruments measured and carried at fair value with the use of significant unobservable inputs (Level 3) is as follows:

(In thousands)	Preferred Stocks	Derivative Contract Assets	Total Fair Value of Assets	Derivative Contract Liabilities	Total Fair Value of Liabilities
Balance at January 1, 2019	$ -	$ -	$ -	$ -	$ -
Gains (losses) included in:					
Surplus	157,300	(26,130)	131,170	-	-
Purchases (Issuances)	3,194,750	55,250	3,250,000	-	-
Transfers into (out of) Level 3	-	-	-	-	-
Balance at December 31, 2019	3,352,050	29,120	3,381,170	-	-
Gains (losses) included in:					
Surplus	(462,475)	(1,048)	(463,523)	(38,520)	(38,520)
Purchases (Issuances)	-	-	-	(19,955)	(19,955)
Transfers into (out of) Level 3	-	-	-	-	-
Balance at December 31, 2020	$ 2,889,575	$ 28,072	$ 2,917,647	$ (58,475)	$ (58,475)

There are no gains or losses included in net income attributable to Level 3 instruments held at the reporting date for the years ended December 31, 2020 and 2019.

There were no transfers into (out of) Levels 1, 2 or 3 in 2020 and 2019. The Company's policy is to recognize all transfers between levels as of the end of a reporting period.

NOTE C - INVESTMENTS - CONTINUED

The aggregate fair value for all financial instruments consists of the following:

(In thousands)	Aggregate Fair Value	Admitted Value	Level 1	Level 2	Level 3	Net Asset Value (NAV)	Not Practicable (Carrying Value)
December 31, 2020							
Bonds	$ 626,250	$ 612,762	$ -	$ 625,981	$ 269	$ -	$ -
Preferred stocks	2,907,070	2,907,070	-	12,495	2,894,575	-	-
Other common stocks	27,464,422	27,464,422	27,464,422	-	-	-	-
Cash equivalents and short-term investments	9,441,618	9,441,116	-	9,441,618	-	-	-
Derivative contract assets	28,072	-	-	-	28,072	-	-
Other invested assets	259,108	196,803	-	-	259,108	-	-
Total invested assets	$ 40,726,540	$ 40,622,173	$ 27,464,422	$ 10,080,094	$ 3,182,024	$ -	$ -
Derivative contract liabilities	$ 58,475	$ 58,475	$ -	$ -	$ 58,475	$ -	$ -
Total invested liabilities	$ 58,475	$ 58,475	$ -	$ -	$ 58,475	$ -	$ -
December 31, 2019							
Bonds	$ 304,105	$ 288,456	$ -	$ 302,775	$ 1,330	$ -	$ -
Preferred stocks	3,369,545	3,369,545	-	12,495	3,357,050	-	-
Other common stocks	26,929,149	26,929,149	26,929,149	-	-	-	-
Cash equivalents and short-term investments	6,414,760	6,413,445	-	6,326,678	-	88,082	-
Derivative contract assets	29,120	-	-	-	29,120	-	-
Other invested assets	249,794	182,552	-	-	249,794	-	-
Total invested assets	$ 37,296,473	$ 37,183,147	$ 26,929,149	$ 6,641,948	$ 3,637,294	$ 88,082	$ -

The Company owns non-publicly traded common stock warrants which are reported as derivatives. The market risk is the risk that the Company will incur losses due to adverse changes in market rates and prices. The maximum loss that may occur is the amount of consideration paid for non-publicly traded common stock warrants. Such loss would occur if the market price of the underlying does not exceed the exercise price. To limit this risk, the Company's senior management has established risk control limits. Liquidity constraints exist due to the non-publicly traded nature of such warrants and contractual restrictions on transferability.

The Company's investment in non-publicly traded warrants do not meet the criteria for hedging, income generation or replication transactions as defined by SSAP No. 86 and are therefore classified as other derivatives. Other derivatives were included in SSAP No. 86 guidance following amendments approved on December 7, 2019 by the NAIC. Non-publicly traded common stock warrants are the only derivative type held by the Company. The Company's objective for non-publicly traded common stock warrants are to improve investment returns while limiting risk.

The Company carries non-publicly traded common stock warrants at fair value and reported as an nonadmitted asset. The fair value for warrants is calculated using management assumptions as there are significant unobservable inputs. The change in fair value is reported net of tax in the "Change in net unrealized capital gains (losses)" with an offsetting tax adjustment in the "Change in net deferred income tax."

NOTE C - INVESTMENTS - CONTINUED

The Company writes covered call options on equity securities. The market risk of covered call options is the risk that the price of the underlying will appreciate above the exercise price option. The maximum gain is the strike price minus the underlying purchase price plus premium received. The maximum loss is the underlying purchase price minus premium received. The purpose of the Company's utilization of written covered call options is for additional income generation.

The Company carries written covered calls at fair value and reported as a liability. The change in fair value is reported net of tax in the "Change in net unrealized capital gains (losses)." Pursuant to SSAP No. 86, premium received for covered call options are reported as a deferred liability until termination of the derivative, at which point the premium shall adjust the proceeds associated with the exercise of the option or be reported as realized capital gain/loss.

Bonds with an amortized cost of $6.2 million and $6.0 million at December 31, 2020 and 2019 were on deposit with government agencies as required by law in various jurisdictions in which the Company conducts business. Other securities restricted as to sale were $3,537.3 million and $3,585.1 million at December 31, 2020 and 2019, respectively.

The Company's admitted investments in individual issuers which exceeded 10% of the Company's surplus at December 31, 2020 are shown below.

(In thousands except for shares of stock)

Shares	Common/Preferred Stock Holding	Cost	Fair Value
229,600,119	Bank of America Corporation	$ 5,418,896	$ 6,971,671
49,022,988	Apple Inc.	1,252,952	6,504,860
11,973,928	Moody's Corporation	118,678	3,475,313

The amortized cost and fair value of investments in bonds at December 31, 2020, are shown below by their earliest call dates as follows:

(In thousands)	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years	Mortgage-backed securities	Total
Amortized cost	$ 549,960	$ 31,078	$ 25,238	$ 6,177	$ 309	$ 612,762
Fair value	550,166	33,622	29,181	12,964	317	626,250

In 2020, the Company acquired Occidental common stock with a non-cash transaction of $139.9 million as dividend payment for Occidental preferred stock. In 2019, the Company reported a non-cash transaction of $248.5 million for other-than-temporary impairment on equity securities and other invested assets.

NOTE D - LOSS AND LOSS ADJUSTMENT EXPENSE RESERVES

Changes in reserves for losses and loss adjustment expenses are as follows:

(In thousands)	2020	2019
Reserves at January 1, net of reinsurance	$ 6,396,067	$ 5,772,200
Incurred related to:		
Current accident year	6,289,757	7,306,905
Prior accident years	(245,519)	(112,248)
Total incurred	6,044,238	7,194,657
Payments related to:		
Current accident year	3,237,303	3,924,764
Prior accident years	2,693,632	2,646,026
Total payments	5,930,935	6,570,790
Reserves at December 31, net of reinsurance	$ 6,509,370	$ 6,396,067

The decrease in incurred loss and loss adjustment expenses related to prior accident years of $245.5 million for 2020 and $112.2 million for 2019 is the result of normal reserve development inherent in the uncertainty of establishing loss and loss adjustment expense reserves, and the collection of salvage and subrogation recoveries.

Reserves at December 31, 2020 and 2019 are $34.8 million and $35.1 million, respectively, for commercial umbrella liability and product liability business, which was issued by the Company from 1981 to 1984. The ultimate development of losses related to the risks of this long-tail business, which includes product liability, asbestos and environmental risks, is uncertain. Net reserves at December 31, 2020 and 2019 include $13.9 million and $14.2 million, respectively, for asbestos and environmental reported claims. Losses for the Company's commercial umbrella business cannot be projected using traditional actuarial methods. The reserve for this business represents management's estimate of the ultimate liability which will emerge from a small number of claims. Management believes that the ultimate resolution of the commercial umbrella and product liability business will not have a material impact on the Company's financial position and results of operations.

NOTE E - FEDERAL AND FOREIGN INCOME TAXES

The components of the net DTA /DTL are as follows:

(In thousands)	December 31, 2020		
1. DTA/DTL Components	Ordinary	Capital	Total
(a) Gross Deferred Tax Assets	$ 541,691	$ 126,953	$ 668,644
(b) Statutory valuation allowance adjustments	-	-	-
(c) Adjusted Gross Deferred Tax Assets (1a-1b)	541,691	126,953	668,644
(d) Deferred Tax Assets Nonadmitted	-	-	-
(e) Subtotal Net Admitted Deferred Tax Asset (1c-1d)	541,691	126,953	668,644
(f) Deferred Tax Liabilities	32,725	4,233,788	4,266,513
(g) Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e-1f)	$ 508,966	$ (4,106,835)	$ (3,597,869)

	December 31, 2019		
	Ordinary	Capital	Total
(a) Gross Deferred Tax Assets	$ 488,349	$ 80,793	$ 569,142
(b) Statutory valuation allowance adjustments	-	-	-
(c) Adjusted Gross Deferred Tax Assets (1a-1b)	488,349	80,793	569,142
(d) Deferred Tax Assets Nonadmitted	-	-	-
(e) Subtotal Net Admitted Deferred Tax Asset (1c-1d)	488,349	80,793	569,142
(f) Deferred Tax Liabilities	125,248	3,798,548	3,923,796
(g) Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e-1f)	$ 363,101	$ (3,717,755)	$ (3,354,654)

	Change		
	Ordinary	Capital	Total
(a) Gross Deferred Tax Assets	$ 53,342	$ 46,160	$ 99,502
(b) Statutory valuation allowance adjustments	-	-	-
(c) Adjusted Gross Deferred Tax Assets (1a-1b)	53,342	46,160	99,502
(d) Deferred Tax Assets Nonadmitted	-	-	-
(e) Subtotal Net Admitted Deferred Tax Asset (1c-1d)	53,342	46,160	99,502
(f) Deferred Tax Liabilities	(92,523)	435,240	342,717
(g) Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e-1f)	$ 145,865	$ (389,080)	$ (243,215)

NOTE E - FEDERAL AND FOREIGN INCOME TAXES – CONTINUED

(In thousands)

2. Admission Calculation Components SSAP No. 101

	December 31, 2020		
	Ordinary	Capital	Total
(a) Federal Income Taxes paid in prior years recoverable through loss carrybacks.	$ 446,442	$ -	$ 446,442
(b) Adjusted Gross Deferred Tax Assets expected to be realized (Excluding the amount of Deferred Tax Assets from 2(a) above) after application of the Threshold Limitation. (the lesser of 2(b)1 and 2(b)2 below)	-	-	-
1. Adjusted Gross Deferred Tax Assets expected to be realized following the balance sheet date.	-	-	-
2. Adjusted Gross Deferred Tax Assets allowed per Limitation Threshold.	N/A	N/A	4,388,266
(c) Adjusted Gross Deferred Tax Assets (excluding the amount of Deferred Tax Assets from 2(a) and 2(b) above) offset by Gross Deferred Tax Liabilities.	95,249	126,952	222,201
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101. Total 2(a)+2(b)+2(c)	$ 541,691	$ 126,952	$ 668,643

	December 31, 2019		
	Ordinary	Capital	Total
(a) Federal Income Taxes paid in prior years recoverable through loss carrybacks.	$ 391,687	$ 83	$ 391,770
(b) Adjusted Gross Deferred Tax Assets expected to be realized (Excluding the amount of Deferred Tax Assets from 2(a) above) after application of the Threshold Limitation. (the lesser of 2(b)1 and 2(b)2 below)	-	-	-
1. Adjusted Gross Deferred Tax Assets expected to be realized following the balance sheet date.	-	-	-
2. Adjusted Gross Deferred Tax Assets allowed per Limitation Threshold.	N/A	N/A	-
(c) Adjusted Gross Deferred Tax Assets (excluding the amount of Deferred Tax Assets from 2(a) and 2(b) above) offset by Gross Deferred Tax Liabilities.	96,662	80,710	177,372
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101. Total 2(a)+2(b)+2(c)	$ 488,349	$ 80,793	$ 569,142

	Change		
	Ordinary	Capital	Total
(a) Federal Income Taxes paid in prior years recoverable through loss carrybacks.	$ 54,755	$ (83)	$ 54,672
(b) Adjusted Gross Deferred Tax Assets expected to be realized (Excluding the amount of Deferred Tax Assets from 2(a) above) after application of the Threshold Limitation. (the lesser of 2(b)1 and 2(b)2 below)	-	-	-
1. Adjusted Gross Deferred Tax Assets expected to be realized following the balance sheet date.	-	-	-
2. Adjusted Gross Deferred Tax Assets allowed per Limitation Threshold.	N/A	N/A	4,388,266
(c) Adjusted Gross Deferred Tax Assets (excluding the amount of Deferred Tax Assets from 2(a) and 2(b) above) offset by Gross Deferred Tax Liabilities.	(1,413)	46,242	44,829
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101. Total 2(a)+2(b)+2(c)	$ 53,342	$ 46,159	$ 99,501

NOTE E - FEDERAL AND FOREIGN INCOME TAXES – CONTINUED

(In thousands except for ratios)

3. Ratio Used	2020	2019
(a) Ratio percentage used to determine recovery period and Threshold Limitation amount.	695.800%	707.568%
(b) Amount of adjusted capital and surplus used to determine recovery period and Threshold Limitation in 2(b)2 above.	$ 29,255,108	$ 26,756,589

(In thousands except for ratios)

4. Impact of Tax Planning Strategies

	December 31, 2020		
	Ordinary	Capital	Total
(a) Determination of Adjusted Gross Deferred Tax Assets and Net Admitted Deferred Tax Assets, by Tax Character as a Percentage.			
1. Adjusted Gross DTAs Amount from Note 9A1(c)	$ 541,691	$ 126,953	$ 668,644
2. Percentage of Adjusted Gross DTAs by Tax Character Attributable to the Impact of Tax Planning Strategies	0%	0%	0%
3. Net Admitted Adjusted Gross DTAs Amount from Note 9A1(e)	541,691	126,953	668,644
4. Percentage of Net Admitted Adjusted Gross DTAs by Tax Character Admitted because of the Impact of Tax Planning Strategies	0%	0%	0%

	December 31, 2019		
	Ordinary	Capital	Total
(a) Determination of Adjusted Gross Deferred Tax Assets and Net Admitted Deferred Tax Assets, by Tax Character as a Percentage.			
1. Adjusted Gross DTAs Amount from Note 9A1(c)	$ 488,349	$ 80,793	$ 569,142
2. Percentage of Adjusted Gross DTAs by Tax Character Attributable to the Impact of Tax Planning Strategies	0%	0%	0%
3. Net Admitted Adjusted Gross DTAs Amount from Note 9A1(e)	488,349	80,793	569,142
4. Percentage of Net Admitted Adjusted Gross DTAs by Tax Character Admitted because of the Impact of Tax Planning Strategies	0%	0%	0%

	Change		
	Ordinary	Capital	Total
(a) Determination of Adjusted Gross Deferred Tax Assets and Net Admitted Deferred Tax Assets, by Tax Character as a Percentage.			
1. Adjusted Gross DTAs Amount from Note 9A1(c)	$ 53,342	$ 46,160	$ 99,502
2. Percentage of Adjusted Gross DTAs by Tax Character Attributable to the Impact of Tax Planning Strategies	0%	0%	0%
3. Net Admitted Adjusted Gross DTAs Amount from Note 9A1(e)	53,342	46,160	99,502
4. Percentage of Net Admitted Adjusted Gross DTAs by Tax Character Admitted because of the Impact of Tax Planning Strategies	0%	0%	0%

(b) Does the Company's tax-planning strategies include the use of reinsurance? No

NOTE E - FEDERAL AND FOREIGN INCOME TAXES - CONTINUED

Current income taxes incurred consist of the following major components:

(In thousands)	December 31, 2020	December 31, 2019	Change
1. Current Income Taxes:			
(a) Federal income taxes on ordinary income	$ 432,091	$ 247,185	$ 184,906
(b) Foreign income taxes on ordinary income	-	(528)	528
(c) Subtotal	432,091	246,657	185,434
(d) Federal income taxes on net realized capital gains	(50,768)	46,201	(96,969)
(e) Utilization of capital loss carry-forwards	-	-	-
(f) Other	-	-	-
(g) Federal and foreign income taxes incurred	$ 381,323	$ 292,858	$ 88,465

(In thousands)	December 31, 2020	December 31, 2019	Change
2. Deferred Tax Assets:			
(a) Ordinary:			
(1) Discounting of unpaid losses	$ 65,188	$ 62,779	$ 2,409
(2) Unearned premium reserve	93,519	96,930	(3,411)
(3) Policyholder reserves	-	-	-
(4) Investments	-	-	-
(5) Deferred acquisition costs	-	-	-
(6) Policyholder dividends accrual	-	-	-
(7) Fixed assets	16,121	22,958	(6,837)
(8) Compensation and benefits accrual	137,370	93,804	43,566
(9) Pension accrual	-	-	-
(10) Receivables - nonadmitted	68,249	52,705	15,544
(11) Net operating loss carry-forward	-	-	-
(12) Tax credit carry-forward	-	-	-
(13) Other (including items <5% of total ordinary tax assets)	96,477	83,639	12,838
(14) Salvage and subrogation	64,767	75,534	(10,767)
(99) Subtotal	541,691	488,349	53,342
(b) Statutory valuation allowance adjustment	-	-	-
(c) Nonadmitted	-	-	-
(d) Admitted ordinary deferred tax assets (2a99-2b-2c)	541,691	488,349	53,342
(e) Capital:			
(1) Investments	-	-	-
(2) Net capital loss carry-forward	-	-	-
(3) Real estate	-	-	-
(4) Other (including items <5% of total capital tax assets)	-	-	-
(5) Tax effect of unrealized capital losses	126,953	80,793	46,160
(99) Subtotal	126,953	80,793	46,160
(f) Statutory valuation allowance adjustment	-	-	-
(g) Nonadmitted	-	-	-
(h) Admitted capital deferred tax assets (2e99-2f-2g)	126,953	80,793	46,160
(i) Admitted deferred tax assets (2d+2h)	$ 668,644	$ 569,142	$ 99,502

NOTE E - FEDERAL AND FOREIGN INCOME TAXES - CONTINUED

(In thousands)	December 31, 2020	December 31, 2019	Change
3. Deferred Tax Liabilities:			
(a) Ordinary:			
(1) Investments	$ -	$ -	$ -
(2) Fixed assets	-	-	-
(3) Deferred and uncollected premium	-	-	-
(4) IRS Reserve & salvage Transition adjustment	16,590	19,908	(3,318)
(5) Other (including items <5% of total ordinary tax liabilities)	16,135	14,699	1,436
(6) Accretion of bond discount	-	-	-
(7) Capitalized software	-	90,641	(90,641)
(99) Subtotal	32,725	125,248	(92,523)
(b) Capital:			
(1) Investments	3,422,876	810,457	2,612,419
(2) Real estate	-	-	-
(3) Other (including items <5% of total ordinary tax liabilities)	453	453	-
(4) Tax effect of unrealized capital gains	810,459	2,987,638	(2,177,179)
(99) Subtotal	4,233,788	3,798,548	435,240
(c) Deferred tax liabilities (3a99+3b99)	4,266,513	3,923,796	342,717
4. Net deferred tax assets/(liabilities) (2i-3c)	$ (3,597,869)	$ (3,354,654)	$ (243,215)

The current year change in net deferred income taxes is comprised of the following (this analysis is exclusive of nonadmitted DTAs as the Change in Nonadmitted Assets is reported separately from the Change in Net Deferred Income Taxes in the surplus section of the Annual Statement):

(In thousands)	December 31, 2020	December 31, 2019	Change
Total deferred tax assets	$ 668,644	$ 569,142	$ 99,502
Total deferred tax liabilities	4,266,513	3,923,796	342,717
Net deferred tax assets/(liabilities)	(3,597,869)	(3,354,654)	(243,215)
Statutory valuation allowance	-	-	-
Net deferred tax assets/(liabilities) after valuation allowance	(3,597,869)	(3,354,654)	(243,215)
Tax effect of unrealized gains/(losses)	3,308,599	2,846,117	462,482
Tax on additional accrued pension	(21,515)	(15,358)	(6,157)
Statutory valuation allowance on unrealized gains/(losses)	-	-	-
Change in net deferred income tax (expense)/benefit	$ (310,785)	$ (523,895)	$ 213,110

NOTE E - FEDERAL AND FOREIGN INCOME TAXES - CONTINUED

The provision for federal income taxes incurred is different from that which would be obtained by applying the statutory federal income tax rate to income before income taxes. The significant items causing this difference are as follows:

(In thousands except for tax rate)	December 31, 2020		December 31, 2019	
	Tax Effect	Effective Tax Rate	Tax Effect	Effective Tax Rate
Provision computed at statutory rate	$ 311,141	21.00 %	$ 282,409	21.00 %
Tax exempt income deduction	(1)	0.00	(15)	0.00
Proration on investment income	16,160	1.09	12,287	0.91
Dividends received deduction	(73,038)	-4.93	(63,831)	-4.75
EDP Software	(99,132)	-6.69	-	0.00
Certificated credits	(253)	-0.02	(883)	-0.07
Other	13,336	0.90	(30,258)	-2.24
Total	$ 168,213	11.35 %	$ 199,709	14.85 %
Federal and foreign income taxes incurred	$ 432,091	29.16 %	$ 246,657	18.34 %
Tax on capital gains/(losses)	(50,768)	-3.43	46,201	3.44
Change in net deferred income taxes	(213,110)	-14.38	(93,149)	-6.93
Total statutory income taxes	$ 168,213	11.35 %	$ 199,709	14.85 %

At December 31, 2020 and 2019, the Company had no operating loss, capital loss or tax credit carryforwards.

NOTE E - FEDERAL AND FOREIGN INCOME TAXES - CONTINUED

The following is income tax expense for 2018 through 2020 that is available for recoupment in the event of future net losses:

(In thousands)	Year	Ordinary	Capital	Total
	2020	$ 403,077	$ -	$ 403,077
	2019	247,490	46,657	294,147
	2018	N/A	11,638	11,638

There were no deposits admitted under Internal Revenue Code 6603 to suspend the running of interest on a potential underpayment of tax.

The Company recorded a Federal tax loss contingency as of December 31, 2020 in the amount of $44.0 million attributable to conservation easement transactions that are being audited by the Internal Revenue Service. The potential income tax is $30.0 million and the interest and penalty is an additional $14.0 million.

Federal and foreign income taxes of $352.9 million and $345.8 million were paid during 2020 and 2019, respectively.

The Company has a deferred tax liability of $0.5 million at December 31, 2020, related to its investment in its affiliate Government Employees Financial Corporation.

The Internal Revenue Service is currently auditing the 2012 – 2013 and 2014 – 2016 tax years of the consolidated tax group. The Company is not aware of any material adjustments.

NOTE F - EMPLOYEE BENEFITS

Pension Plan and Postretirement Benefits:

GEICO Corporation and its subsidiaries have a noncontributory defined benefit pension plan covering most employees who were employed prior to September 1, 2004. Employees hired after August 31, 2004 are not eligible to participate or accrue benefits in the plan. The plan provides for payment based on salary and years of service. Contributions to the plan are based on amounts which can be deducted for federal income tax purposes as determined by consulting actuaries. Effective December 31, 2018, the Qualified Pension Plan was merged into the BHCPP, which is sponsored by Berkshire Hathaway Credit Corporation (a direct subsidiary of BHI). This resulted in the elimination of the Company's benefit obligation as well as the fair value of plan assets. GEICO has an immaterial non-qualified pension plan remaining.

GEICO Corporation and its subsidiaries provide certain postretirement health and life insurance benefits for eligible retirees. The health benefits continue through age 65.

The measurement date of all plans is December 31.

Following are reconciliations of the benefit obligations, fair value of plan assets, funded status of benefit plans and the components of net periodic benefit cost:

(In thousands)	Pension		Postretirement	
	2020	2019	2020	2019
Change in benefit obligation:				
Balance, beginning of year	$ 22,416	$ 19,119	$ 133,918	$ 144,641
Service cost	109	38	3,425	2,705
Interest cost	713	774	4,382	5,313
Actuarial (gain) loss	3,734	3,793	32,332	(14,432)
Plan amendments	-	-	(2,700)	-
Benefit payments	(1,297)	(1,308)	(5,033)	(4,309)
Settlements	-	-	-	-
Pension merger	-	-	-	-
Balance, end of year	$ 25,675	$ 22,416	$ 166,324	$ 133,918

(In thousands)	Pension		Postretirement	
	2020	2019	2020	2019
Change in plan assets:				
Fair value, beginning of year	$ -	$ -	$ -	$ -
Actual return on plan assets	-	-	-	-
Employer contributions	1,297	1,308	5,033	4,309
Benefit payments	(1,297)	(1,308)	(5,033)	(4,309)
Settlements	-	-	-	-
Pension merger	-	-	-	-
Fair value, end of year	$ -	$ -	$ -	$ -

NOTE F - EMPLOYEE BENEFITS - CONTINUED

(In thousands)	Pension 2020	Pension 2019	Postretirement 2020	Postretirement 2019
Funded Status:				
Accrued benefits costs	$ 13,382	$ 13,007	$ 76,164	$ 70,190
Benefit surplus liability	12,293	9,409	90,160	63,728
Total liabilities recognized	$ 25,675	$ 22,416	$ 166,324	$ 133,918
Unrecognized liabilities	$ -	$ -	$ -	$ -

(In thousands)	Pension 2020	Pension 2019	Postretirement 2020	Postretirement 2019
Components of net periodic benefit cost:				
Service cost	$ 109	$ 38	$ 3,425	$ 2,705
Interest cost	713	774	4,382	5,313
Expected return on plan assets	-	-	-	-
Amount of recognized gains and losses	849	428	2,333	1,932
Amount of prior service cost recognized	-	-	868	868
Total net periodic benefit cost	$ 1,671	$ 1,240	$ 11,008	$ 10,818

Amounts in unassigned funds (surplus) recognized as components of net periodic benefit cost:

(In thousands)	Pension 2020	Pension 2019	Postretirement 2020	Postretirement 2019
Unassigned funds (surplus) not yet recognized, beginning of year	$ (9,409)	$ (6,043)	$ (63,728)	$ (80,961)
Net transition asset or obligation	-	-	-	-
Net prior service cost or credit arising during the period	-	-	2,699	-
Net prior service cost or credit recognized	-	-	868	868
Net gain and loss arising during the period	(3,733)	(3,794)	(32,332)	14,433
Net gain and loss recognized	849	428	2,333	1,932
Pension merger	-	-	-	-
Unassigned funds (surplus) not yet recognized, end of year	$ (12,293)	$ (9,409)	$ (90,160)	$ (63,728)

NOTE F - EMPLOYEE BENEFITS - CONTINUED

Amounts in unassigned funds (surplus) not yet recognized as components of net periodic benefit cost:

(In thousands)	Pension		Postretirement	
	2020	2019	2020	2019
Net prior service cost or credit	$ -	$ -	$ (1,854)	$ (5,421)
Net recognized gains and losses	(12,293)	(9,409)	(88,307)	(58,307)

Weighted-average assumptions used to determine net periodic benefit cost as of December 31 are as follows:

	Pension		Postretirement	
	2020	2019	2020	2019
a. Discount rate	3.00	4.10	3.00	4.10
b. Expected long-term rate of return on plan assets	N/A	N/A	N/A	N/A
c. Rate of compensation increase	2.30	2.14	N/A	N/A
d. Interest crediting rates	N/A	N/A	N/A	N/A

Weighted-average assumptions used to determine projected benefit obligations as of December 31 are as follows:

	Pension		Postretirement	
	2020	2019	2020	2019
e. Discount rate	2.10	3.00	2.10	3.00
f. Rate of compensation increase	2.30	2.14	N/A	N/A
g. Interest crediting rates	N/A	N/A	N/A	N/A

Projected benefit obligations at December 31, 2020 and 2019 utilized the Pri-2012 Mortality Table with a generational projection of future mortality improvements using Scale MP-2020.

NOTE F - EMPLOYEE BENEFITS - CONTINUED

Estimated future benefit payments are as follows:

(In thousands)	Pension	Postretirement
2021	$ 1,679	$ 5,144
2022	1,679	5,457
2023	1,679	5,979
2024	1,679	6,536
2025	1,679	7,041
2026 - 2030	8,393	42,047

The 2021 estimated employer pension contribution is $1.7 million. The 2021 estimated employer postretirement contribution is $5.1 million.

At December 31, 2020 and 2019, the accumulated benefit obligation for defined benefit pension plans was $23.8 million and $21.5 million, respectively.

For postretirement benefits the medical trend for 2021 is 6.0%, decreasing to 5.0% by 2025 and thereafter for the determination of benefit cost.

Profit Sharing Plan:

GEICO Corporation and its subsidiaries, including the Company, have a Profit Sharing Plan for eligible employees. Employer contributions are established based on growth and profit targets. The Company's expense for employer contributions related to its employees was $734.6 million in 2020 and $509.3 million in 2019.

NOTE G - REINSURANCE

The Company is involved in the cession and assumption of reinsurance with affiliates, other companies and mandatory pools. The Company assumes 100% of the business of GEICO General. The Company has no catastrophe reinsurance effective in any states. Beginning on January 1, 2014 the Company also cedes 50% of its business (losses, premiums and expenses) to its indirect parent, NICO under a quota share agreement. NICO also assumed 50% of the Company's outstanding net loss and loss adjustment expense reserves at January 1, 2014 under a loss portfolio agreement. This reinsurance program was entered into to reduce the Company's exposure to catastrophe losses due to a geographic concentration of policies along the East Coast. The NICO reinsurance recoverable of $10,181.7 million was in excess of 3% of surplus at December 31, 2020. There were no reinsurance recoverables in dispute as of December 31, 2020. The maximum amount of return commission that would have been due to NICO if the reinsurance was cancelled is $276.1 million. The ceded written premiums and reserves related to the NICO cessions exceed 5% of the Company's prior year surplus as regards policyholders. The Company remains liable to the extent the reinsuring company is unable to meet its treaty obligations.

The effect of reinsurance on premiums written and earned is as follows:

(In thousands)	2020	2019
Premiums written:		
Direct business	$ 6,107,145	$ 6,565,352
Reinsurance assumed		
Affiliates	10,077,871	10,652,681
Others	1,004	895
Total assumed	10,078,875	10,653,576
Reinsurance ceded		
NICO	(8,087,473)	(8,603,413)
Mandatory pools	(11,074)	(12,102)
Total ceded	(8,098,547)	(8,615,515)
Net premiums written	$ 8,087,473	$ 8,603,413
Premiums earned:		
Direct business	$ 6,196,485	$ 6,535,107
Reinsurance assumed		
Affiliates	10,143,136	10,595,696
Others	1,008	704
Total assumed	10,144,144	10,596,400
Reinsurance ceded		
NICO	(8,164,777)	(8,559,702)
Mandatory pools	(11,075)	(12,103)
Total ceded	(8,175,852)	(8,571,805)
Net premiums earned	$ 8,164,777	$ 8,559,702

NOTE G - REINSURANCE - CONTINUED

Amounts deducted in the statutory financial statements for reinsurance cessions are as follows:

(In thousands)	2020			
	NICO	Affiliates (non-NICO)	Others	Total
Loss and loss adjustment expense reserves	$ 6,509,370	$ 9,481	$ 102,825	6,621,676
Unearned premium	2,109,542	-	11	2,109,553
Loss and loss adjustment expense incurred	6,044,238	$ 765	$ 4,910	6,049,913
Service charges	119,550	-	-	119,550
General expenses incurred	1,160,171	-	-	1,160,171
Premium balances charged off	17,913	-	-	17,913

	2019			
	NICO	Affiliates (non-NICO)	Others	Total
Loss and loss adjustment expense reserves	$ 6,396,068	$ 9,486	$ 101,090	6,506,644
Unearned premium	2,186,846	-	11	2,186,857
Loss and loss adjustment expense incurred	7,194,657	448	6,074	7,201,179
Service charges	118,579	-	-	118,579
General expenses incurred	1,082,886	-	-	1,082,886
Premium balances charged off	11,502	-	-	11,502

Amounts included in the statutory financial statements for reinsurance assumed from affiliates are as follows:

(In thousands)	2020	2019
Loss and loss adjustment expense reserves	$ 7,151,276	$ 7,197,787
Unearned premium	2,600,349	2,665,613
Loss and loss adjustment expense incurred	7,517,957	8,917,640
Service charges	150,208	147,454

There was no commutation of reinsurance in 2020 or 2019.

NOTE H – TRANSFERABLE & NON-TRANSFERABLE STATE TAX CREDITS

The Company's carrying values, admitted amounts and unused amounts of transferable state tax credits at December 31, 2020 are listed below. The Company held no transferable nor non-transferable state tax credits at December 31, 2019.

(In thousands)

Description	State	Carrying Value	Admitted Amount	Unused Amount
Indiana DINO Credits	IN	$ 3,160	$ 3,160	$ 3,160
NJ Grow Credits	NJ	$ 6,316	$ 6,316	$ 6,316
Total		$ 9,476	$ 9,476	$ 9,476

There were no impairments recognized during 2020 or 2019.

The Company estimated the utilization of the remaining transferable state tax credits by using written premiums for the applicable tax year. The tax credits will be utilized in the years 2021.

NOTE I - COMMITMENTS AND CONTINGENCIES

The Company is a defendant in a number of disputes and class action lawsuits. The Company intends to vigorously defend its position on these lawsuits. Based upon the information known at this date, the Company does not believe that the outcome of any of these disputes or litigations will have a material effect on the Company's operating performance and financial condition or results of operations. The Company has established $23.8 million in accruals related to such matters that are probable and reasonably estimable. These amounts include reserves assumed from its subsidiary, GEICO General. However, an unfavorable outcome of some or all of these matters could have a material effect on the Company’s operating performance and cash flows.

Rental expense for all leases was approximately $70.6 million in 2020 and $70.9 million in 2019. The future minimum rental commitments as of December 31, 2020 for all non-cancelable leases are $375.1 million.

The Company’s statutory financial statements at December 31, 2020 and 2019 included a liability of $0.8 million for estimated guaranty fund assessments to be paid for insurance company insolvencies, including amounts assumed under its reinsurance agreement with GEICO General. Related assets of $5.8 million and $3.8 million have been recorded at December 31, 2020 and 2019, for the portion of assessments that may be recovered by future premium tax offsets or policy surcharges.

The Company has agreements with Affordable Equity Partners and Affordable Housing Partners to purchase low income housing tax credits. As of December 31, 2020, the Company anticipates paying $44.0 million in 2021 and later. The Company has an agreement with MPC Multi State MY ICF, LLC to purchase historic rehabilitation state tax credits. As of December 31, 2020, the Company anticipates paying $9.7 million in 2021 and later.

The Company has guaranteed certain payments that are to be made by Metropolitan Life Insurance Company from which annuities have been purchased to fund payments required for structured settlements. The Company believes Metropolitan Life Insurance Company to be financially sound and regards any potential liability as remote. The present value of the structured settlement reserves at December 31, 2020 is $63.9 million.

NOTE J – SUBSEQUENT EVENTS

The Company has evaluated all events or transactions that occurred after December 31, 2020 through May 21, 2021, the date the statutory-basis financial statements were available to be issued. On February 11, 2021, the Company received notice Bank of America has called for the redemption of all issued and outstanding shares of its Non-Cumulative Perpetual Preferred Stock, Series-T on March 15, 2021. The proceeds were $12.5 million and there was no impact to surplus.

2 2 0 6 3 2 0 2 0 2 8 5 0 0 1 0 0

SUPPLEMENT FOR THE YEAR 2020 OF THE GOVERNMENT EMPLOYEES INSURANCE COMPANY

SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES

For The Year Ended December 31, 2020

(To Be Filed by April 1)

Of The GOVERNMENT EMPLOYEES INSURANCE COMPANY

Address (City, State and Zip Code) CHEVY CHASE, MD 20815-3799

NAIC Group Code 00031 NAIC Company Code 22063 Employer's ID Number 53-0075853

The Investment Risks Interrogatories are to be filed by April 1. They are also to be included with the Audited Statutory Financial Statements.

Answer the following interrogatories by reporting the applicable U.S. dollar amounts and percentages of the reporting entity's total admitted assets held in that category of investments.

1. Reporting entity's total admitted assets as reported on Page 2 of this annual statement. $ 44,673,604,983

2. Ten largest exposures to a single issuer/borrower/investment.

	1 Issuer	2 Description of Exposure	3 Amount	4 Percentage of Total Admitted Assets
2.01	BANK OF AMERICA CORPORATION	VARIOUS	$ 6,971,671,000	15.6 %
2.02	APPLE INC.	COMMON STOCK	$ 6,504,860,278	14.6 %
2.03	MOODY'S CORPORATION	COMMON STOCK	$ 3,475,312,863	7.8 %
2.04	OCCIDENTAL PETROLEUM CORPORATION	PREFERRED STOCK	$ 2,889,575,000	6.5 %
2.05	CHARTER COMMUNICATIONS, INC.	COMMON STOCK	$ 2,140,971,619	4.8 %
2.06	VISA INC.	COMMON STOCK	$ 1,383,278,267	3.1 %
2.07	DAVITA INC.	COMMON STOCK	$ 1,315,925,330	2.9 %
2.08	LIBERTY MEDIA CORPORATION	COMMON STOCK	$ 1,227,169,831	2.7 %
2.09	VERISIGN INC.	COMMON STOCK	$ 842,510,120	1.9 %
2.10	THE COCA-COLA COMPANY	COMMON STOCK	$ 790,310,208	1.8 %

3. Amounts and percentages of the reporting entity's total admitted assets held in bonds and preferred stocks by NAIC designation.

	Bonds	1	2		Preferred Stocks	3	4
3.01	NAIC 1	$ 10,025,250,344	22.4 %	3.07	P/RP-1	$	%
3.02	NAIC 2	$ 28,628,216	0.1 %	3.08	P/RP-2	$ 12,495,000	0.0 %
3.03	NAIC 3	$	%	3.09	P/RP-3	$ 5,000,000	0.0 %
3.04	NAIC 4	$	%	3.10	P/RP-4	$ 2,889,575,000	6.5 %
3.05	NAIC 5	$	%	3.11	P/RP-5	$	%
3.06	NAIC 6	$	%	3.12	P/RP-6	$	%

4. Assets held in foreign investments:

4.01 Are assets held in foreign investments less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 4.01 above is yes, responses are not required for interrogatories 5 – 10.

4.02	Total admitted assets held in foreign investments	$ 971,468,315	2.2 %
4.03	Foreign-currency-denominated investments	$	%
4.04	Insurance liabilities denominated in that same foreign currency	$	%

SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES (cont.)

5. Aggregate foreign investment exposure categorized by NAIC sovereign designation:

		1	2
5.01	Countries designated NAIC 1	$	%
5.02	Countries designated NAIC 2	$	%
5.03	Countries designated NAIC 3 or below	$	%

6. Largest foreign investment exposures by country, categorized by the country's NAIC sovereign designation:

		1	2
	Countries designated NAIC 1:		
6.01	Country 1:	$	%
6.02	Country 2:	$	%
	Countries designated NAIC 2:		
6.03	Country 1:	$	%
6.04	Country 2:	$	%
	Countries designated NAIC 3 or below:		
6.05	Country 1:	$	%
6.06	Country 2:	$	%

		1	2
7.	Aggregate unhedged foreign currency exposure	$	%

8. Aggregate unhedged foreign currency exposure categorized by NAIC sovereign designation:

		1	2
8.01	Countries designated NAIC 1	$	%
8.02	Countries designated NAIC 2	$	%
8.03	Countries designated NAIC 3 or below	$	%

9. Largest unhedged foreign currency exposures by country, categorized by the country's NAIC sovereign designation:

		1	2
	Countries designated NAIC 1:		
9.01	Country 1:	$	%
9.02	Country 2:	$	%
	Countries designated NAIC 2:		
9.03	Country 1:	$	%
9.04	Country 2:	$	%
	Countries designated NAIC 3 or below:		
9.05	Country 1:	$	%
9.06	Country 2:	$	%

10. Ten largest non-sovereign (i.e. non-governmental) foreign issues:

	1 Issuer	2 NAIC Designation	3	4
10.01			$	%
10.02			$	%
10.03			$	%
10.04			$	%
10.05			$	%
10.06			$	%
10.07			$	%
10.08			$	%
10.09			$	%
10.10			$	%

SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES (cont.)

11. Amounts and percentages of the reporting entity's total admitted assets held in Canadian investments and unhedged Canadian currency exposure:

11.01 Are assets held in Canadian investments less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 11.01 is yes, detail is not required for the remainder of Interrogatory 11.

		1	2
11.02	Total admitted assets held in Canadian investments	$	%
11.03	Canadian-currency-denominated investments	$	%
11.04	Canadian-denominated insurance liabilities	$	%
11.05	Unhedged Canadian currency exposure	$	%

12. Report aggregate amounts and percentages of the reporting entity's total admitted assets held in investments with contractual sales restrictions.

12.01 Are assets held in investments with contractual sales restrictions less than 2.5% of the reporting entity's total admitted assets? Yes [ ] No [X]

If response to 12.01 is yes, responses are not required for the remainder of Interrogatory 12.

	1	2	3
12.02	Aggregate statement value of investments with contractual sales restrictions	$ 3,537,292,409	7.9 %
	Largest three investments with contractual sales restrictions:		
12.03	OCCIDENTAL PETROLEUM CORPORATION	$ 2,889,575,000	6.5 %
12.04	LIBERTY MEDIA CORPORATION	$ 193,760,000	0.4 %
12.05	SYNCHRONY FINANCIAL	$ 115,931,400	0.3 %

13. Amounts and percentages of admitted assets held in the ten largest equity interests:

13.01 Are assets held in equity interest less than 2.5% of the reporting entity's total admitted assets? Yes [ ] No [X]

If response to 13.01 is yes, responses are not required for the remainder of Interrogatory 13.

	1 Issuer	2	3
13.02	BANK OF AMERICA CORPORATION	$ 6,971,671,000	15.6 %
13.03	APPLE INC.	$ 6,504,860,278	14.6 %
13.04	MOODY'S CORPORATION	$ 3,475,312,863	7.8 %
13.05	OCCIDENTAL PETROLEUM CORPORATION	$ 2,889,575,000	6.5 %
13.06	CHARTER COMMUNICATIONS, INC.	$ 2,140,971,619	4.8 %
13.07	VISA INC.	$ 1,383,278,267	3.1 %
13.08	DAVITA INC.	$ 1,315,925,330	2.9 %
13.09	LIBERTY MEDIA CORPORATION	$ 1,227,169,831	2.7 %
13.10	VERISIGN INC.	$ 842,510,120	1.9 %
13.11	THE COCA-COLA COMPANY	$ 790,310,208	1.8 %

SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES (cont.)

14. Amounts and percentages of the reporting entity's total admitted assets held in nonaffiliated, privately placed equities:

14.01 Are assets held in nonaffiliated, privately placed equities less than 2.5% of the reporting entity's total admitted assets? Yes [ ] No [X]

If response to 14.01 above is yes, responses are not required for 14.02 through 14.05.

	1	2	3
14.02	Aggregate statement value of investments held in nonaffiliated, privately placed equities	$ 2,907,070,000	6.5 %
	Largest three investments held in nonaffiliated, privately placed equities:		
14.03	OCCIDENTAL PETOLEUM CORPORATION	$ 2,889,575,000	6.5 %
14.04	BANK OF AMERICA CORPORATION	$ 12,495,000	0.0 %
14.05	COLLABORATIVE BOATING, INC	$ 5,000,000	0.0 %

Ten largest fund managers:

	1 Fund Manager	2 Total Invested	3 Diversified	4 Non-Diversified
14.06	CAPITAL PARTNERS	$ 104,994,542	$	$ 104,994,542
14.07	MPC FEDERAL	$ 42,923,630	$	$ 42,923,630
14.08	GEORGIA AHI FUND 4 MANAGER	$ 35,796,849	$	$ 35,796,849
14.09	ENHANCED CAPITAL	$ 27,657,680	$	$ 27,657,680
14.10	PEACHTREE INVESTMENT SOLUTIONS, LLC	$ 25,354,905	$	$ 25,354,905
14.11	MPC MULTI STATE MY IFC, LLC	$ 15,222,040	$	$ 15,222,040
14.12	RAYMOND JAMES HOUSING OPPORTUNITIES	$ 14,631,767	$	$ 14,631,767
14.13	ENTERPRISE - FIRST NIAGARA AFFORDABLE HOUSING	$ 13,095,322	$	$ 13,095,322
14.14	AHP STATE AFFORDABLE	$ 3,061,448	$	$ 3,061,448
14.15	ALLIANT, INC	$ 977,613	$	$ 977,613

15. Amounts and percentages of the reporting entity's total admitted assets held in general partnership interests:

15.01 Are assets held in general partnership interests less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 15.01 above is yes, responses are not required for the remainder of Interrogatory 15.

	1	2	3
15.02	Aggregate statement value of investments held in general partnership interests	$	%
	Largest three investments in general partnership interests:		
15.03		$	%
15.04		$	%
15.05		$	%

16. Amounts and percentages of the reporting entity's total admitted assets held in mortgage loans:

16.01 Are mortgage loans reported in Schedule B less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 16.01 above is yes, responses are not required for the remainder of Interrogatory 16 and Interrogatory 17.

	1 Type (Residential, Commercial, Agricultural)	2	3
16.02		$	%
16.03		$	%
16.04		$	%
16.05		$	%
16.06		$	%
16.07		$	%
16.08		$	%
16.09		$	%
16.10		$	%
16.11		$	%

SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES (cont.)

16. Amount and percentage of the reporting entity's total admitted assets held in the following categories of mortgage loans:

		Loans	
16.12	Construction loans	$	%
16.13	Mortgage loans over 90 days past due	$	%
16.14	Mortgage loans in the process of foreclosure	$	%
16.15	Mortgage loans foreclosed	$	%
16.16	Restructured mortgage loans	$	%

17. Aggregate mortgage loans having the following loan-to-value ratios as determined from the most current appraisal as of the annual statement date:

Loan-to-Value	Residential		Commercial		Agricultural	
	1	2	3	4	5	6
17.01 above 95%	$	%	$	%	$	%
17.02 91% to 95%	$	%	$	%	$	%
17.03 81% to 90%	$	%	$	%	$	%
17.04 71% to 80%	$	%	$	%	$	%
17.05 below 70%	$	%	$	%	$	%

18. Amounts and percentages of the reporting entity's total admitted assets held in each of the five largest investments in real estate:

18.01 Are assets held in real estate reported less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 18.01 above is yes, responses are not required for the remainder of Interrogatory 18.

Largest five investments in any one parcel or group of contiguous parcels of real estate.

	Description 1	2	3
18.02		$	%
18.03		$	%
18.04		$	%
18.05		$	%
18.06		$	%

19. Report aggregate amounts and percentages of the reporting entity's total admitted assets held in investments held in mezzanine real estate loans:

19.01 Are assets held in investments held in mezzanine real estate loans less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 19.01 is yes, responses are not required for the remainder of Interrogatory 19.

	1	2	3
19.02	Aggregate statement value of investments held in mezzanine real estate loans:	$	%

Largest three investments held in mezzanine real estate loans:

19.03		$	%
19.04		$	%
19.05		$	%

SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES (cont.)

20. Amounts and percentages of the reporting entity's total admitted assets subject to the following types of agreements:

	At Year-End		At End of Each Quarter		
			1st Qtr	2nd Qtr	3rd Qtr
	1	2	3	4	5
20.01 Securities lending agreements (do not include assets held as collateral for such transactions)	$	%	$	$	$
20.02 Repurchase agreements	$	%	$	$	$
20.03 Reverse repurchase agreements	$	%	$	$	$
20.04 Dollar repurchase agreements	$	%	$	$	$
20.05 Dollar reverse repurchase agreements	$	%	$	$	$

21. Amounts and percentages of the reporting entity's total admitted assets for warrants not attached to other financial instruments, options, caps, and floors:

	Owned		Written	
	1	2	3	4
21.01 Hedging	$	%	$	%
21.02 Income generation	$	%	$	%
21.03 Other	$	%	$	%

22. Amounts and percentages of the reporting entity's total admitted assets of potential exposure for collars, swaps, and forwards:

	At Year-End		At End of Each Quarter		
			1st Qtr	2nd Qtr	3rd Qtr
	1	2	3	4	5
22.01 Hedging	$	%	$	$	$
22.02 Income generation	$	%	$	$	$
22.03 Replications	$	%	$	$	$
22.04 Other	$	%	$	$	$

23. Amounts and percentages of the reporting entity's total admitted assets of potential exposure for futures contracts:

	At Year-End		At End of Each Quarter		
			1st Qtr	2nd Qtr	3rd Qtr
	1	2	3	4	5
23.01 Hedging	$	%	$	$	$
23.02 Income generation	$	%	$	$	$
23.03 Replications	$	%	$	$	$
23.04 Other	$	%	$	$	$

SUMMARY INVESTMENT SCHEDULE

	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement			
	1	2	3	4	5	6
Investment Categories	Amount	Percentage of Column 1 Line 13	Amount	Securities Lending Reinvested Collateral Amount	Total (Col. 3+4) Amount	Percentage of Column 5 Line 13
1. Long-Term Bonds (Schedule D, Part 1):						
1.01 U.S. governments	556,067,684	1.383	556,067,684		556,067,684	1.384
1.02 All other governments						
1.03 U.S. states, territories and possessions, etc. guaranteed						
1.04 U.S. political subdivisions of states, territories, and possessions, guaranteed						
1.05 U.S. special revenue and special assessment obligations, etc. non-guaranteed	408,529	0.001	408,529		408,529	0.001
1.06 Industrial and miscellaneous	56,285,896	0.140	56,285,896		56,285,896	0.140
1.07 Hybrid securities						
1.08 Parent, subsidiaries and affiliates						
1.09 SVO identified funds						
1.10 Unaffiliated bank loans						
1.11 Total long-term bonds	612,762,109	1.524	612,762,109		612,762,109	1.525
2. Preferred stocks (Schedule D, Part 2, Section 1):						
2.01 Industrial and miscellaneous (Unaffiliated)	2,907,070,000	7.229	2,907,070,000		2,907,070,000	7.235
2.02 Parent, subsidiaries and affiliates						
2.03 Total preferred stocks	2,907,070,000	7.229	2,907,070,000		2,907,070,000	7.235
3. Common stocks (Schedule D, Part 2, Section 2):						
3.01 Industrial and miscellaneous Publicly traded (Unaffiliated)	27,464,422,260	68.297	27,464,422,260		27,464,422,260	68.351
3.02 Industrial and miscellaneous Other (Unaffiliated)						
3.03 Parent, subsidiaries and affiliates Publicly traded						
3.04 Parent, subsidiaries and affiliates Other	194,289,988	0.483	194,289,988		194,289,988	0.484
3.05 Mutual funds						
3.06 Unit investment trusts						
3.07 Closed-end funds						
3.08 Total common stocks	27,658,712,248	68.780	27,658,712,248		27,658,712,248	68.834
4. Mortgage loans (Schedule B):						
4.01 Farm mortgages						
4.02 Residential mortgages						
4.03 Commercial mortgages						
4.04 Mezzanine real estate loans						
4.05 Total valuation allowance						
4.06 Total mortgage loans						
5. Real estate (Schedule A):						
5.01 Properties occupied by company	136,895,749	0.340	136,895,749		136,895,749	0.341
5.02 Properties held for production of income						
5.03 Properties held for sale						
5.04 Total real estate	136,895,749	0.340	136,895,749		136,895,749	0.341
6. Cash, cash equivalents and short-term investments:						
6.01 Cash (Schedule E, Part 1)	(797,066,782)	(1.982)	(797,066,782)		(797,066,782)	(1.984)
6.02 Cash equivalents (Schedule E, Part 2)						
6.03 Short-term investments (Schedule DA)	9,441,116,451	23.478	9,441,116,451		9,441,116,451	23.496
6.04 Total cash, cash equivalents and short-term investments	8,644,049,669	21.495	8,644,049,669		8,644,049,669	21.512
7. Contract loans						
8. Derivatives (Schedule DB)	28,071,750	0.070				
9. Other invested assets (Schedule BA)	225,887,484	0.562	222,157,484		222,157,484	0.553
10. Receivables for securities						
11. Securities Lending (Schedule DL, Part 1)				XXX	XXX	XXX
12. Other invested assets (Page 2, Line 11)						
13. Total invested assets	40,213,449,009	100.000	40,181,647,258		40,181,647,258	100.000

SUPPLEMENT FOR THE YEAR 2020 OF THE GOVERNMENT EMPLOYEES INSURANCE COMPANY

REINSURANCE SUMMARY SUPPLEMENTAL FILING FOR GENERAL INTERROGATORY 9 (Part 2)

For the Year Ended December 31, 2020

NAIC Group Code 00031 To be Filed by March 1 NAIC Company Code 22063

(A) Financial Impact

	1 As Reported	2 Interrogatory 9 Reinsurance Effect	3 Restated Without Interrogatory 9 Reinsurance
A01. Assets	44,673,604,983	(8,243,809,602)	52,917,414,585
A02. Liabilities	15,418,496,919	(6,878,729,879)	22,297,226,798
A03. Surplus as regards to policyholders	29,255,108,063	(1,365,079,724)	30,620,187,787
A04. Income before taxes	1,532,391,948	(1,365,079,724)	2,897,471,672

(B) Summary of Reinsurance Contract Terms	(C) Management's Objectives
1. Loss Portfolio agreement effective 1/1/14 wherein National Indemnity Co. assumed 50% of the Company's outstanding net Loss + LAE reserves at 1/1/14. This contract is being reported pursuant to Interrogatory 9.1. 2. Quota Share agreement effective 1/1/14 wherein National Indemnity Co. assumes 50% of all premiums written net of general expenses on all business written on and after 1/1/14 and assumes 50% of all Loss + LAE expense incurred on/after 1/1/14. This contract is being reported pursuant to Interrogatory 9.1.	1. To reduce the Company's exposure to catastrophe losses due to a geographic concentration of policies along the East Coast. 2. To reduce the Company's exposure to catastrophe losses due to a geographic concentration of policies along the East Coast.

D. If the response to General Interrogatory 9.4 (Part 2 Property & Casualty Interrogatories) is yes, explain below why the contracts are treated differently for GAAP and SAP

GENERAL INTERROGATORIES

PART 2 - PROPERTY & CASUALTY INTERROGATORIES

6.1 What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit of loss:

None Issued

6.2 Describe the method used to estimate this reporting entity's probable maximum insurance loss, and identify the type of insured exposures comprising that probable maximum loss, the locations of concentrations of those exposures and the external resources (such as consulting firms or computer software models), if any, used in the estimation process:

See Footnote on pg 16.3

6.3 What provision has this reporting entity made (such as a catastrophic reinsurance program) to protect itself from an excessive loss arising from the types and concentrations of insured exposures comprising its probable maximum property insurance loss?

None

6.4 Does the reporting entity carry catastrophe reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence? Yes [ ] No [X]

6.5 If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to unreinsured catastrophic loss

The Company has a Quota Share Agreement of Reinsurance with its indirect parent, National Indemnity Company. NICO assumes 50% of all loss and LAE, including catastrophe losses, incurred on or after January 1, 2014.

7.1 Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract that includes a provision that would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)? Yes [ ] No [X]

7.2 If yes, indicate the number of reinsurance contracts containing such provisions.

7.3 If yes, does the amount of reinsurance credit taken reflect the reduction in quota share coverage caused by any applicable limiting provision(s)? Yes [ ] No [ ]

8.1 Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on this risk, or portion thereof, reinsured? Yes [ ] No [X]

8.2 If yes, give full information

9.1 Has the reporting entity ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement: (i) it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; (ii) it accounted for that contract as reinsurance and not as a deposit; and (iii) the contract(s) contain one or more of the following features or other features that would have similar results:

(a) A contract term longer than two years and the contract is noncancellable by the reporting entity during the contract term;

(b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;

(c) Aggregate stop loss reinsurance coverage;

(d) A unilateral right by either party (or both parties) to commute the reinsurance contract, whether conditional or not, except for such provisions which are only triggered by a decline in the credit status of the other party;

(e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or

(f) Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity. Yes [ ] No [X]

9.2 Has the reporting entity during the period covered by the statement ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), for which, during the period covered by the statement, it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; excluding cessions to approved pooling arrangements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under common control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member where:

(a) The written premium ceded to the reinsurer by the reporting entity or its affiliates represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or

(b) Twenty–five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates in a separate reinsurance contract. Yes [X] No [ ]

9.3 If yes to 9.1 or 9.2, please provide the following information in the Reinsurance Summary Supplemental Filing for General Interrogatory 9:

(a) The aggregate financial statement impact gross of all such ceded reinsurance contracts on the balance sheet and statement of income;

(b) A summary of the reinsurance contract terms and indicate whether it applies to the contracts meeting the criteria in 9.1 or 9.2; and

(c) A brief discussion of management's principle objectives in entering into the reinsurance contract including the economic purpose to be achieved.

9.4 Except for transactions meeting the requirements of paragraph 36 of *SSAP No. 62R - Property and Casualty Reinsurance*, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:

(a) Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles ("SAP") and as a deposit under generally accepted accounting principles ("GAAP"); or

(b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP? Yes [ ] No [X]

9.5 If yes to 9.4, explain in the Reinsurance Summary Supplemental Filing for General Interrogatory 9 (Section D) why the contract(s) is treated differently for GAAP and SAP.

9.6 The reporting entity is exempt from the Reinsurance Attestation Supplement under one or more of the following criteria:

(a) The entity does not utilize reinsurance; or, Yes [ ] No [X]

(b) The entity only engages in a 100% quota share contract with an affiliate and the affiliated or lead company has filed an attestation supplement; or Yes [ ] No [X]

(c) The entity has no external cessions and only participates in an intercompany pool and the affiliated or lead company has filed an attestation supplement. Yes [ ] No [X]

10. If the reporting entity has assumed risks from another entity, there should be charged on account of such reinsurances a reserve equal to that which the original entity would have been required to charge had it retained the risks. Has this been done? Yes [X] No [ ] N/A [ ]